

AMENDED IN ASSEMBLY AUGUST 17, 2015

AMENDED IN ASSEMBLY JULY 7, 2015

AMENDED IN SENATE JUNE 2, 2015

AMENDED IN SENATE MAY 5, 2015

AMENDED IN SENATE APRIL 13, 2015

AMENDED IN SENATE APRIL 6, 2015

SENATE BILL

No. 471

Introduced by Senator Pavley

February 26, 2015

An act to amend Section 39712 of the Health and Safety Code, to add Section 25229 to the Public Resources Code, and to add Section 189.5 to the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 471, as amended, Pavley. Water, energy, and reduction of greenhouse gas emissions: planning.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions, commonly known as cap and trade revenues, to be deposited in the Greenhouse Gas Reduction Fund, and to be used, upon appropriation by the Legislature, for specified

purposes, including the reduction of greenhouse gas emissions associated with water use and supply.

This bill would include reduction of greenhouse gas emissions associated with water treatment among the investments that are eligible for funding from the Greenhouse Gas Reduction Fund. The bill would also make legislative findings and declarations, and a statement of legislative intent, with regard to the nexus between water and energy and water and reduction of greenhouse gas emissions.

This bill would require the State Energy Resources Conservation and Development Commission, in cooperation with the State Water Resources Control Board, the State Air Resources Board, the Public Utilities Commission, and the Department of Water—~~Resources~~ *Resources*, to conduct a study of water-related energy use in California.

This bill would require the State Water Resources Control Board, *upon an appropriation from the Greenhouse Gas Reduction Fund and* in cooperation with the State Energy Resources Conservation and Development Commission, the State Air Resources Board, the Public Utilities Commission, and the Department of Water—~~Resources~~ *Resources*, to establish a grant and loan program for water projects that result in the net reduction of water-related greenhouse gas emissions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) The Legislature finds and declares all of the
- 2 following:
- 3 (1) Water and energy resources are inextricably connected. This
- 4 relationship is known as the water-energy nexus.
- 5 (A) The energy used to drive California's water system,
- 6 including, but not limited to, the fuels used to power groundwater
- 7 pumps, transportation, treatment and disposal systems for water
- 8 and wastewater, heating and cooling of water in buildings and
- 9 other facilities, the delivery of water, and end uses, accounts for
- 10 nearly 20 percent of the total electricity usage and 30 percent of
- 11 nonpower-related natural gas consumed, and there are known gaps
- 12 in quantifying greenhouse gas emissions associated with that
- 13 energy use.
- 14 (B) The water used to drive California's energy system,
- 15 including, but not limited to, the water used to turn turbines for

1 hydropower, to produce steam and cooling systems for
2 thermoelectric power, and to extract and refine oil and gas,
3 represents a substantial portion of our state water demand.

4 (C) Consequently, saving water saves energy, and vice versa.

5 (D) Because the production of energy often results in the
6 emission of greenhouse gases, there is substantial potential for
7 emission reductions in the water system.

8 (2) While energy use has historically been a fundamental
9 element in the planning and development of California's water
10 supply systems, there are new opportunities for improving this
11 linkage to reduce water-related greenhouse gas emissions. New
12 projects that best serve water and energy investments can maximize
13 greenhouse gas emissions reductions.

14 (b) It is the intent of the Legislature, in enacting this act, to:

15 (1) More closely integrate the planning for water, energy, and
16 greenhouse gas emissions.

17 (2) Enable opportunities for innovative projects and programs
18 that reduce the greenhouse gas intensity of our water system in
19 order to access eligible funds.

20 SEC. 2. Section 39712 of the Health and Safety Code is
21 amended to read:

22 39712. (a) (1) It is the intent of the Legislature that moneys
23 shall be appropriated from the fund only in a manner consistent
24 with the requirements of this chapter and Article 9.7 (commencing
25 with Section 16428.8) of Chapter 2 of Part 2 of Division 4 of Title
26 2 of the Government Code.

27 (2) The state shall not approve allocations for a measure or
28 program using moneys appropriated from the fund except after
29 determining, based on the available evidence, that the use of those
30 moneys furthers the regulatory purposes of Division 25.5
31 (commencing with Section 38500) and is consistent with law. If
32 any expenditure of moneys from the fund for any measure or
33 project is determined by a court to be inconsistent with law, the
34 allocations for the remaining measures or projects shall be
35 severable and shall not be affected.

36 (b) Moneys shall be used to facilitate the achievement of
37 reductions of greenhouse gas emissions in this state consistent
38 with Division 25.5 (commencing with Section 38500) and, where
39 applicable and to the extent feasible:

1 (1) Maximize economic, environmental, and public health
2 benefits to the state.

3 (2) Foster job creation by promoting in-state greenhouse gas
4 emissions reduction projects carried out by California workers and
5 businesses.

6 (3) Complement efforts to improve air quality.

7 (4) Direct investment toward the most disadvantaged
8 communities and households in the state.

9 (5) Provide opportunities for businesses, public agencies,
10 nonprofits, and other community institutions to participate in and
11 benefit from statewide efforts to reduce greenhouse gas emissions.

12 (6) Lessen the impacts and effects of climate change on the
13 state's communities, economy, and environment.

14 (c) Moneys appropriated from the fund may be allocated,
15 consistent with subdivision (a), for the purpose of reducing
16 greenhouse gas emissions in this state through investments that
17 may include, but are not limited to, any of the following:

18 (1) Funding to reduce greenhouse gas emissions through energy
19 efficiency, clean and renewable energy generation, distributed
20 renewable energy generation, transmission and storage, and other
21 related actions, including, but not limited to, at public universities,
22 state and local public buildings, and industrial and manufacturing
23 facilities.

24 (2) Funding to reduce greenhouse gas emissions through the
25 development of state-of-the-art systems to move goods and freight,
26 advanced technology vehicles and vehicle infrastructure, advanced
27 biofuels, and low-carbon and efficient public transportation.

28 (3) Funding to reduce greenhouse gas emissions associated with
29 land and natural resource conservation and management, forestry,
30 sustainable agriculture, and the water sector, including, but not
31 limited to, water use, supply, and treatment.

32 (4) Funding to reduce greenhouse gas emissions through
33 strategic planning and development of sustainable infrastructure
34 projects, including, but not limited to, transportation and housing.

35 (5) Funding to reduce greenhouse gas emissions through
36 increased in-state diversion of municipal solid waste from disposal
37 through waste reduction, diversion, and reuse.

38 (6) Funding to reduce greenhouse gas emissions through
39 investments in programs implemented by local and regional

1 agencies, local and regional collaboratives, and nonprofit
2 organizations coordinating with local governments.

3 (7) Funding research, development, and deployment of
4 innovative technologies, measures, and practices related to
5 programs and projects funded pursuant to this chapter.

6 SEC. 3. Section 25229 is added to the Public Resources Code,
7 to read:

8 25229. (a) The commission, in cooperation with the State
9 Water Resources Control Board, the State Air Resources Board,
10 the Public Utilities Commission, and the Department of Water
11 Resources, shall conduct a study of water-related energy use in
12 California.

13 (b) In conducting the study, the commission shall do all of the
14 following:

15 (1) Hold at least two workshops to allow input by private and
16 public water agencies and utilities, research institutions,
17 environmental organizations, and other interested stakeholders.

18 (2) Include any source-specific data, to be anonymized to the
19 extent necessary to protect business confidential information or
20 security sensitive information.

21 (3) ~~After considering existing studies and data sources, identify~~
22 *Identify, after considering existing studies and data sources*, any
23 existing data gaps.

24 (c) Nothing in this section shall be construed as imposing any
25 new emissions regulations on the entities with which these
26 water-related energy use emissions are associated.

27 SEC. 4. Section 189.5 is added to the Water Code, to read:

28 189.5. (a) The board, *upon an appropriation of moneys by the*
29 *Legislature from the Greenhouse Gas Reduction Fund, created*
30 *pursuant to Section 16428.8 of the Government Code*, and in
31 cooperation with the State Energy Resources Conservation and
32 Development Commission, the State Air Resources Board, the
33 Public Utilities Commission, and the Department of Water
34 Resources, shall establish a grant and loan program for water
35 projects that result in the net reduction of water-related greenhouse
36 gas emissions.

37 (b) Project categories eligible for funding under the program
38 shall include, but need not be limited to, the following:

39 (1) Precision irrigation.

- 1 (2) Infrastructure improvements that will help deliver on-demand
2 water for precision application.
- 3 (3) Local water solutions that reduce net energy use, including,
4 but not limited to, water recycling, stormwater capture and reuse,
5 and groundwater cleanup.
- 6 (4) Clean energy generation by the water sector.
- 7 (5) Leak detection.
- 8 (6) Water appliance efficiency.
- 9 (7) Water monitoring software.
- 10 (c) In order to be eligible for funding under the program, projects
11 shall result in the net reduction of water-related greenhouse gas
12 emissions.
- 13 (d) Any public ~~funds~~ *moneys* made available for the program
14 to private water companies regulated by the Public Utilities
15 Commission shall be used for the benefit of the ratepayers or the
16 public, and not the investors of the companies, and shall be subject
17 to oversight by the Public Utilities Commission.
- 18 (e) The board may adopt guidelines and regulations necessary
19 or convenient to implement this section.